

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF ELAM UTILITY)	CASE NO. 9375-E
COMPANY)	

O R D E R

On September 10, 1986, Elam Utility Company ("Elam") notified the Commission that on July 1, 1986, it began purchasing natural gas through the Columbia Gas Transmission ("Transmission") Special Marketing Program Pool. In its Order of September 30, 1986, the Commission approved a deviation in Elam's purchased gas adjustment ("PGA"), allowing it to make a customer refund every 3 months to reconcile the collections from its customers and payments to Transmission. On May 6, 1987, Elam filed its refund plan for the months of November 1986 through March 1987.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Elam has net overcollections of \$23,045 to be refunded to its customers, which include the balance of the refund due for July, August, and September and the \$600 service charge to Transmission. Elam requested a refund factor of 60 cents per Mcf to be used as a reduction in the purchased gas adjustment, and to remain in effect for 12 months or until such time as the full amount plus interest is refunded to Elam's customers. Because the

refund is such a large amount and Transmission has discontinued its program, the 12-month refund period should be allowed.

(2) The refund should begin with meter readings taken on June 1, 1987, or as soon as practical thereafter.

(3) Elam should refund the amount reported plus interest at a rate equal to the average of the "3-Month Commercial Paper Rates" less 1/2 of 1 percent to cover the cost of refunding. These monthly rates are reported in the Federal Reserve Bulletin and the Federal Reserve Statistical Review.

(4) Elam's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 9375 dated January 13, 1986, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after June 1, 1987.

(5) Elam should file with this Commission a PGA setting out its current cost of gas from Transmission and any other new supplier along with a refund plan to return overcollections to its customers.

IT IS THEREFORE ORDERED that:

(1) Elam shall apply a refund factor in the amount of 60 cents per Mcf as a reduction in the approved purchased gas adjustment beginning with meter readings taken on June 1, 1987, or as soon as practical thereafter, and this refund factor shall remain in effect until the amount refunded will, as nearly as possible, reflect the amount received plus interest. Interest shall be calculated in the manner specified herein.


(2) Within 30 days of the date of this Order Elam shall file with this Commission its revised tariffs setting out the refund factor authorized herein.

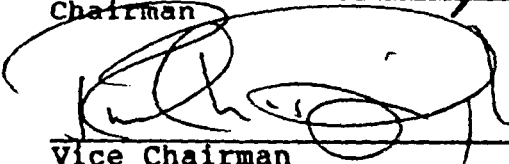
(3) Within 20 days of the date of this Order, Elam shall file with this Commission a current PGA and the amount of excess revenues collected from its customers since the termination of the Special Marketing Program.

(4) Within 30 days from the date the refund factor is terminated Elam shall file with this Commission a summary statement showing a reconciliation of customer billings and the amount refunded.

Done at Frankfort, Kentucky, this 26th day of May, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director